

Factors Impacting Regional Competitiveness



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Factors Affecting Business Location Decisions

- Cost of doing business
 - Labor
 - Quality and availability
 - Land
 - Availability and cost
 - Utilities
 - Availability and cost

Factors Affecting Business Location Decisions

- Business taxes
 - Elasticity of business activity with respect to tax liabilities:
 - Intercity location decision = -0.10 to -0.60
 - Intracity location decision = -1.0 to -3.0
 - Impact positive if used for public services, negative if for redistribution programs

Factors Affecting Business Location Decisions

- Subsidy programs
 - Tax abatement, government loans and loan guarantees, site development
 - Relatively small effect
- Business public services
 - Infrastructure

Factors Affecting Business Location Decisions

- Labor and labor productivity
 - Key is labor cost per unit of output
 - Higher education, skills, training => higher productivity
- Availability a greater consideration than cost

Factors Affecting Labor Location

- Cost of living
- Residential taxes
- Amenities
 - Environmental quality, consumer goods
 - Residential public services

“Guiding Principles for Successful Regionalism”

A cooperative study by
the University of Cincinnati,
Northern Kentucky University,
and Xavier University

Present a Unified Front to Prospective Customers

- “The decision to investigate a particular region is made before finalizing on a specific locale within the region.”
- Coordinated business recruiting and marketing
- Single point of contact to streamline process

Provide a Single-Source Contact for Regional Data and Information

- “Recruiting efforts are most successful when the region takes extra steps to streamline unfriendly bureaucratic processes.”
- Develop systems for collecting and sharing information about the region
- Faster, easier decision making

Emphasize Education and Workforce Development

- “A skilled workforce is the single most important factor in helping to attract, retain, and grow businesses.”
- Cooperation between business and educational institutions
- View workforce as regional

Additional Insights

- Aligning competing interests
 - No group should be asked to fully compromise its own self-interest
- Leveraging regional resources
 - Formal and informal approaches
- Impact of transportation
 - Related to environmental and land use issues